

for the foster care program of such State or political subdivision to make foster care payments to providers of foster care."

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kentucky (Mr. LEWIS) and the gentleman from New York (Mr. McNULTY) each will control 20 minutes.

The Chair recognizes the gentleman from Kentucky (Mr. LEWIS).

Mr. LEWIS of Kentucky. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a straightforward bill which updates and simplifies the Tax Code as it relates to foster care families. Under current law, foster care families are given a tax exemption on the payments they receive through a state-run foster care program. The current law was enacted in 1986. The law recognizes that if you are willing to open your heart and home by participating in foster care, you should receive this exemption. It is that simple.

Over the years, however, States have changed the way foster care services are delivered and many are privatizing or contracting out some or all of their services. When this happens, and a private organization participates in the State program, the tax exemption for families becomes confusing and, in some cases, unfair. Specifically, the exclusion is dependent on a complicated analysis of three factors: the age of the foster individual, the type of entity that places the individual, and the source of payment.

If the payments are found not excludable because a private entity is participating in one or all of these factors, the foster care provider is then required to keep extensive records of every expense made on behalf of the foster individual in order to qualify for the exclusion. As my colleagues can imagine, these rules are extremely confusing. In fact, many accountants have difficulty interpreting these rules for families; and as a result, families are discouraged from participating in foster care. This problem is created simply because current law is outdated and no longer reflects the changes States are making in their business practices.

Mr. Speaker, States should be encouraged to be innovative and responsible in their business practices; but more important, foster care families should not be penalized as a result. My bill, H.R. 586, simplifies current law to ensure that the exemption is there for all foster care families regardless of how their State foster care practices change and regardless of the age of the individual.

My bill recognizes the increasing role of private agencies in State foster care plans and also requires these agencies to be licensed and certified by the State in order to participate in a State foster care program.

Again, Mr. Speaker, my bill simplifies and provides fairness for the Tax Code for all foster care families, and I urge my colleagues' support.

Mr. Speaker, I reserve the balance of my time.

Mr. McNULTY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today to join with my friend, the gentleman from Kentucky (Mr. LEWIS), in supporting H.R. 586, the Fairness to Foster Care Families Act. H.R. 586 would expand the types of foster care payments that are excludable from a foster family's taxable income. The bill recognizes that payments received by foster families, regardless of the type of agency providing those payments, are needed to care for the foster child and, therefore, should not be taxed.

We have over 560,000 abused, abandoned, and neglected children in our Nation's foster care system who need caring homes as they wait to return to their birth parents or to be adopted. H.R. 586 removes one barrier to at least some families taking a foster child into their homes. Under current law, foster care payments are excluded from taxable income only if the placement and payment is made by a State agency or, in the case of an individual under the age of 19, by a nonprofit agency.

This bill would extend this favorable tax treatment to any foster care payment made by an agency licensed or certified by the State. This would remove restrictions currently imposed on foster families whose payments are made by for-profit agencies or, in the case of foster individuals older than the age of 18, by non-profit agencies.

The impact of for-profit agencies in the child welfare system is uncertain. We need more information on how these for-profit agencies affect child well-being and on how common it is for States to contract with them to undertake certain functions, including the placement and oversight of children in foster care. However, it does seem appropriate that we not penalize foster families when they receive foster care payments from private agencies with which a State has entered into a contract to administer parts of their foster care system. Furthermore, H.R. 586 recognizes that States also may contract with private agencies to place older, often disabled individuals with foster families.

This bill is not a single simple answer to the problems faced by our foster care system, but it does take a small step to help some foster families. I strongly support H.R. 586, and I urge support from all my colleagues.

Mr. Speaker, I reserve the balance of my time.

Mr. LEWIS of Kentucky. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky (Mrs. NORTHUP), a good friend and colleague.

Mrs. NORTHUP. Mr. Speaker, I rise to speak in support of House bill 586 and to remind ourselves that it would be easy, considering the system of gov-

ernment, to think of this bill as a tax bill; but it is really a bill about children and families.

So often youngsters in the classroom ask me where I got the best insight to serve as a Member of Congress. They expect me to talk about my economics classes or different classes I had in school. And I always answer that it is being the mother of six children. What I have learned is that families are the most enduring, important part of a child's life. It is the security that they begin life with and that they carry throughout life.

Some of our children in this country have not been blessed with a consistent family life. To our good fortune, we have agencies that are becoming partners with our States to provide more children with better services and an even better chance of growing up in a foster family. Some of these children come from the most difficult circumstances, and it is not surprising that sometimes support systems have to be in place for these families. It is to our good fortune and to this country's good fortune and to our children's good fortune that we have so many of these agencies that are able to provide the comprehensive support services that families need. It is only reasonable that we make sure that our tax laws support these new evolving, important systems that allow children to have what is the most important thing in their life: a family.

And so this bill is not about taxes. It is about families, specifically foster families, and expanding the number and the opportunity and the differing looks that foster families often have as they serve each one of our unique children. God bless our children. How lucky we are to have the services of our foster services, and this bill will help make sure that those services exist and expand for every child.

Mr. McNULTY. Mr. Speaker, I yield myself such time as I may consume; and in support of all of the foster children across this country and the families who care for them, I urge support for this bill.

Mr. LANGEVIN. Mr. Speaker, I rise today in support of H.R. 586, the Foster Care Promotion Act. As the son of parents who welcomed 25 foster children into their family, I know firsthand the worth of the foster care system.

This bill would allow foster parents to exclude payments for foster children of any age placed by a non-governmental foster care agency from their taxable income. By subsidizing the cost of foster children, regardless of their age or the method in which they were placed, we will properly value the incredible work of foster parents everywhere.

Foster parenting is an act of true selflessness, as each child requires a significant financial and emotional investment. Many foster children have been abused or neglected. Such treatment leaves indelible scars, which foster parents lovingly attempt to heal. We should not ask such generous individuals to give of their pocketbooks as well as their hearts.

All children need love and support. This bill takes an important step toward ensuring that